

ORIGIN LAS QUINTAS SERENAS WATER COMPANY

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September 29, 2014

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

OCT 1 2015

Utility: Las Quintas Serenas Water Company

Docket No: W-01583A-13-0117 Decision No: 74398

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| DOCKETED BY | |
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To Whom It May Concern,

On March 19, 2014, per Decision and Order Docket No. W-01583A-0117 Decision NO. 74398 Las Quintas Serenas Water Company was ordered for compliance an action order to monitor its water system closely and take action to ensure that annual water loss is 10 percent or less. If the reported annual water loss is greater than 10 percent, the Company (LQS) should prepare a report containing a detailed analysis and a plan to reduce annual water loss to 10 percent or less. If the Company (LQS) believes it is not cost effective to reduce the water loss to 10 percent, it should submit a detailed cost/benefit analysis to support its position. In no case will annual water loss be greater than 15 percent. The water loss reduction report or detailed analysis, whichever is submitted, shall be docketed as a compliance item within 180 days of this Decision's effective date.

Please find attached for compliance Las Quintas Serenas Water Company, Water Loss Reduction Report for your review. If you have any question you may contact my office or by e-mail.

Sincerely,

Omar Mejia, General Manager
Las Quintas Serenas Water Company
520-625-8040
omar@lqswater.com

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Compliance Section

Director of Utilities Division

LQS Office

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Las Quintas Serenas Water Company (LQS)

Tracking Miscellaneous Water Losses

Water Main Flushing

LQS performs water flushing as a standard practice to reduce stagnant water at dead ends. This flushing is currently performed at blow offs throughout the water system, approximately once per quarter. This operational practice, while good for water quality, results in lost water. The water system operator performing the flushing has a quick-disconnect piping set up that allows the water to be directed out of the blow off. LQS plans to add a water meter to this flushing apparatus, which will allow to keep track of the water used for flushing and report that metered volume.

Forward Action Report:

LQS has added a water meter to flushing apparatus to accommodate the tracking of loss water and is currently working on upgrading and reconstruction of all blow offs to efficiently continue the flushing program that will allow the company (LQS) the capabilities of tracking accurate flow of water loss.

Reservoir Overflow

LQS has occasional reservoir tank overflows and other miscellaneous uses of water in the system due to maintenance operations. The operators will keep track of the estimated quantity of water loss in a miscellaneous water log and this volume will be tabulated at the end of each year.

Forward Action Report:

LQS management and operators have closely monitored the system to prevent all and any future overflows of reservoir tanks. Adjustments and changes have been implemented to water level parameters of the scada and telemetry system to assist the LQS operators to address any pump failure to start or pump failure to stop alarms that are received. This will allow operators to arrive on a timely manner to take proper action and correct issues that would prevent any tank overflows. System Overview for LQS operators has been provided for remote access by wireless laptop computers and recently added smart phone capabilities.

NOTE: Please find attached Water Loss Log

Standpipe Water Use

LQS has approximately 150 customers served through individual meters located at two bulk water standpipe locations. Because of concerns about pressure fluctuations and water hammer in the water system there is a slow-closing valve that controls the delivery of water from the standpipes to the customer's bulk storage tank. Each of the customer meters are controlled by an electronic key-based system. Because of the way the standpipe meter system operates, the customer water meter stops registering flow as soon as the customer key is turned off. However, due to the slow-closing valve on the outlet of the standpipe, the water continues to flow for several seconds causing unaccounted water loss. LQS plans to work with valve vendor to determine if any changes to the operation of the slow-closing valve can be made to eliminate the lost water, while maintaining reasonable water pressures in the water system.

Forward Action Report:

LQS is currently corresponding with Valve representative in effort to resolve the adjustments of slow-closing valve system currently in place. After meeting with valve representative on-site, several adjustments and changes have been made to the valve mechanism to control the flow of water being delivered. Implementation of new solenoid control switch, adjustment to backpressure relief valve and a closing speed control valve, LQS has been able to reduce the closing speed of the valve in the system, which has resulted in no water loss at this time. In addition, LQS is continuing to work with Cla-Valve representatives in efforts to find alternate means to improve or upgrade the existing system.

Water Leak Detection

LQS does not believe that water main and service leaks or breaks are a large contributor to water loss throughout the water system. Water main breaks are very infrequent, with only two line breaks in the past six years. For any future water main or service issues, LQS will estimate the lost water and include it in Loss Water Log.

Forward Action:

LQS operators will continue to monitor the system closely for signs of leakage, irregular pumping and inconsistent water level parameters that may result from water leaks.

LQS has scheduled appointment with National Meter & Automation, INC. to address a cost effective approach of equipment rental or lease, operator training and maintenance in efforts to preform and possible implementation of a leak detention program.

Metering

LQS believes that a major contributor to the apparent water loss is inaccurate meter readings. Our first focus will be to improve meter accuracy for customer meters. LQS plans were to replace eight (8) to ten (10) meters per month, which will total approximately 100 meters per year. This meter change out program will allow LQS to exchange 10 percent of the customer meters per year. Unfortunately, due to low operational revenues, LQS has not been able to perform the meter program as planned; LQS has put forward effort in replacing some customer meters when operation funding is permissible.

Note: Please find attached list of new meter replacements installed to date.

Las Quintas Serenas Water Company

Miscellaneous Water Loss Log 2015

| Date | Location | Tank Overflow time per hour | Estimated GPM | Total Gallons |
|------------------|-----------------|--------------------------------|------------------|---------------|
| 12/21/2014 | No. 6 Well Site | 1 hour | 960 | 57,600 |
| 1/10/2015 | No. 6 Well Site | 1 hour | 960 | 57,600 |
| 3/12/2015 | No. 6 Well Site | 2 hours | 960 | 115,200 |
| 4/8/2015 | No. 6 Well Site | 30 minutes | 960 | 28,800 |
| 7/2/2015 | No. 6 Well Site | 1 hour | 960 | 57,600 |
| Total Water Loss | | | | 316,800 |

Percentage Loss

.34% of 90,928,000 total
gallons pumped

Attachment "A"

Las Quintas Serenas Water Company Meter Changeout

| Address | Meter size | Change out Date |
|---------------------------|------------|-----------------|
| 1085 Calle Privada | 5/8 | 10/29/2014 |
| 1130 Calle Privada | 5/8 | 10/24/2014 |
| 1191 Calle Privada | 5/8 | 10/24/2014 |
| 1101 Calle Privada | 5/8 | 10/29/2014 |
| 17841 Placita de Plata | 5/8 | 10/29/2014 |
| 1100 Calle Privada | 1" | 11/5/2014 |
| 1358 Calle de Cobre | 5/8 | 11/21/2014 |
| 18100 Placita del Silbido | 5/8 | 1/16/2015 |
| 1001 Calle San Jose | 5/8 | 1/28/2015 |
| 17501 Camino Confianza | 5/8 | 2/11/2015 |
| 1636 Via Muleje | 5/8 | 2/11/2015 |
| 1704 Placita del Codillo | 5/8 | 2/11/2015 |
| 1724 Placita del Zocalo | 5/8 | 2/20/2015 |
| 1060 Calle Privada | 5/8 | 2/20/2015 |
| 1742 Placita del Zocalo | 5/8 | 2/20/2015 |
| Anamax Park Meter | 4" | 3/24/2015 |
| 17440 La Canada Dr | 5/8 | 3/31/2015 |
| 1262 Calle de Cobre | 5/8 | 4/17/2015 |
| 1270 Calle de la Plaza | 5/8 | 4/17/2015 |
| 17365 Camino Cartagena | 5/8 | 4/17/2015 |
| 17590 La Canada | 5/8 | 5/13/2015 |
| 18237 Eldorita Place | 5/8 | 6/25/2015 |
| 17752 Placita Cocinera | 5/8 | 6/25/2015 |
| 17730 Placita Cocinera | 5/8 | 6/25/2015 |
| 17060 La Canada | 5/8 | 6/25/2015 |
| 17076 La Canada | 5/8 | 7/7/2015 |
| 18219 El Dorita Place | 5/8 | 7/7/2015 |
| 1450 Via Ventajosa | 5/8 | 7/28/2015 |
| 1212 Calle de Cobre | 5/8 | 8/18/2015 |

| | | |
|-----------------------------|-----|------------|
| 1725 Placita Sin Parada | 5/8 | 8/18/2015 |
| 1302 Woodacre Drive | 5/8 | 8/18/2015 |
| 1050 Twin Buttes Rd | 5/8 | 8/20/2015 |
| 17395 Camino Cartagena | 3/4 | 1/8/2014 |
| 17699 Camino de las Quintas | 5/8 | 1/8/2014 |
| 18255 Eldorita Place | 5/8 | 3/27/2015 |
| 1735 Placita Sin Parada | 5/8 | 3/27/2014 |
| 1257 Calle de la Plaza | 5/8 | 5/22/2014 |
| 1168 Calle Privada | 1" | 7/8/2014 |
| 1569 Camino Acierto | 5/8 | 10/10/2014 |
| 1578 Camino Acierto | 5/8 | 10/10/2014 |
| 1161 Calle Privada | 1" | 10/24/2014 |
| 1131 Calle Privada | 5/8 | 10/24/2014 |
| 1160 Calle Privada | 5/8 | 10/24/2014 |
| 18210 Las Quintas | 5/8 | 10/24/2014 |

ATTACHMENT "B"